

**STATEMENT OF
CHAIRMAN JULIUS GENACHOWSKI**

Re: *Consumer Information and Disclosure*, CG Docket No. 09-158; *Empowering Consumers to Avoid Bill Shock*, CG Docket No. 10-207

Today we tackle a widespread and costly problem for mobile consumers: bill shock. What's bill shock? It's when wireless subscribers experience a sudden, unexpected increase in their monthly bills that is not caused by a change in service plan.

We've heard from consumers who have been stunned by bills for hundreds and even thousands of extra dollars as a result of voice, text or data usage exceeding their plan allotments without any alert from their provider. One consumer got a \$35,000 cell phone bill for data and texting charges incurred while visiting her sister in Haiti after the earthquake even though her provider had advised that a courtesy plan would be extended to those affected by the disaster.

The facts and data show that this happens all too often. FCC complaint data and our survey results show that consumers can find themselves paying unexpected charges large and small from one wireless bill to the next, with no warning. Our survey estimated that *30 million Americans* have experienced some form of bill shock, with the vast majority having no notice. The GAO tells us that 34% of wireless phone users have received unexpected charges on their bills. Consumers Union released a survey which had similar results.

Now, there's no question that technology has helped create a vibrant mobile ecosystem that delivers tremendous benefits to the public -- benefits that can be measured in terms of innovative new devices, valuable new services, economic activity and jobs.

But like all new technologies, issues emerge. Bill shock is an example. But it's also a case where a simple technology fix can solve a real consumer problem. There are ways to prevent the bill shocks easily and inexpensively, using technology widely available today.

Many carriers already offer some of these tools to help consumers. For example, iPad users are automatically signed up for text alerts from AT&T when they are about to incur overage charges. These and some others are smart tools to help consumers make smart decisions. But they are the exception, not the rule. They're not helping consumers consistently, as evidenced by the tens of millions of bill shock victims.

The rules we propose would require carriers to provide automatic notices -- such as text message alerts -- warning consumers when they're at risk of going over text, voice, or data limits, or incurring roaming charges. These are practical, non-burdensome measures that encourage innovation in the way carriers provide information to consumers.

It's a simple idea: People should be told they're risking extra fees *before* they incur them. These proposed rules would assure that they are.

I know that some will argue this is unnecessary or burdensome. But consider what I heard yesterday from a business executive. He said that a couple of months ago he had incurred \$2,000 in extra data charges while on a trip overseas. Despite buying an "international plan" – he was billed for "more than 15x what I had expected to pay." He said: "It took hiring a lawyer to get the charges waived – cost me almost as much as the charges, but I did it for the principle. Most Americans would not have this luxury."

This executive mentioned that he was in the technology business, doing work to enable cell phones to pay for on-street parking. He wrote: "I know how easy it is to send a consumer a text message; we send one 10 minutes before a parking meter expires so they don't get a parking violation ticket; we do it numerous times a day. The only reason not to do it is if you're trying to take advantage of a customer."

Harnessing technology to empower consumers has been a high priority for me, and will continue to be. Companies should compete on the basis of value, price and services, not consumer confusion. Technology allows new forms of transparency and disclosure -- clear and relevant information, delivered easily to consumers, and at the right time – in practical, non-burdensome, efficient ways.

All consumers should be protected from bill shock. The measures we propose today will bring real benefits for consumers, empowering them to manage their families' wireless budgets, saving them substantial amounts of money, and avoiding disputes with service providers that are expensive and time-consuming for all parties.

The staff has done great work on this item, and great work in general on harnessing technology to empower consumers. Thank you.